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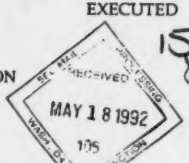

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

KQ2-2235

For the Quarter Ended March 31, 1992

Commission File No. 0-18995

INTERLINE RESOURCES CORPORATION
(Exact name of Registrant as specified in its charter)

Utah	87-0461653
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

175 West 200 South, Suite 2004, Salt Lake City, Utah 84101
(Address of principal executive offices)

15-15-X

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(801) 328-1606
s telephone number, including area code

NA
Former name, former address, and former fiscal year, if changed since last report.

Common Stock outstanding at March 31, 1992 — 7,804,571 shares
of $.005 par value Common Stock.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934, during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
(1) Yes X (2) X

BEST COPY AVAILABLE

PART I — ITEM 1
FINANCIAL STATEMENTS

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1992, have been made. The results of operations for such interim period is not necessarily indicative of the results to be expected for the entire year.

ITEM 2
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AD RESULTS OF OPERATIONS

General

The following discussion should assist in an understanding of the Company's financial position at March 31, 1992, the end of the first quarter of its fiscal year. Interline Resources Corporation (the "Company") is a Utah corporation with its principal and executive offices at 175 West 200 South, Suite 2004, Salt Lake City, Utah 84101. The Company does business in the oil and gas industry and engages in the operation and construction of natural gas gathering and pipeline facilities, the operation of a natural gas processing plant, and the operation, production and sale of crude oil and natural gas.

Acquisition of Interline Natural Gas Inc.

On February 29, 1992, the Company acquired Interline Natural Gas, Inc. in a merger transaction. ("ING") In connection with the merger transaction, ING merged into Northcut Energy, Inc., the wholly-owned subsidiary of the Company, in exchange for 2,258,333 shares of the Company's common stock, promissory notes in the amount of $300,000 payable by the Company to the shareholders of ING and a 19.60% interest in the Hat Creek Partnership.

ING owned a 1% General Partnership interest in the Well Draw Gas Plant partnership and was the operating entity of the Well Draw Plant. ING also owned a low pressure natural gas gathering, compression and dehydration system located near Roosevelt Utah, in the Monument Butte area. The systems present configuration consisting of a natural gas gathering system with an approximate 26,136 foot long main trunk line and 31,353 feet of lateral lines connected to approximately 30 wells. The purchase of the system also included the various natural gas purchase contracts, natural gas and related products sales contracts and transportation contracts.

ING also owned a 20.4% interest in the Hat Creek General Partnership and was the managing general partner. With the merger of ING into the Company, the 3 majority shareholders of the Company have sold, conveyed and transferred all of the oil and gas interests and assets owned by ING into the Company.

Acquisition of Normandy Oil and Gas Company, Inc. Oil Wells

On March 6, 1992, the Company purchased working interests in 12 oil and gas wells located in the Monument Butte area near the ING gathering system for a total purchase price of

$300,000. Funding of the purchase came from the proceeds of a $550,000 SBA loan the Company obtained in connection with the purchase. In acquiring the wells, the Company became the operator of 11 of the wells. The Company additionally entered into a lease of the gathering system connected to the wells, and has connected the system into the ING gathering system. As of the date of this report, the Company had no independent operating history, reserve data or projections concerning the production, income and expenses associated with the operation and ownership of these wells, because the wells had been shut-in.

Results of Operations

With the acquisition of Interline Natural Gas Inc., the Company receives revenues from its 100% ownership of the Well Draw Gas Plant, its 100% ownership of the Monument Butte system and its 20.4% partnership interest in the Hat Creek General Partnership. The results of the Company's operations for the quarter ended March 31, 1992 are presented below. Because the acquisition of the Monument butte system occurred effective Feb 29, 1992, only one month's operations are shown.

Volumes and Revenues:	Three Months Ended March 31,	
Well Draw Gas Plant	**1992**	**1991**
Total residue sold (Mcf)	90,093	96,121
Average sales price	$1.412	$1.436
Gross Plant revenues attributed to natural gas sales	$127,185	$138,057
NGL liquids processed and sold (gallons)	1,843,533	566,427
Average sales price	$.29	$.3354
Gross Plant revenues attributed to NGL sales	$535,185	$189,955
Condensate recovered and sold (barrels)	1,827	2,381
Average Price per barrel	$17.56	$19.48
Gross Plant revenues attributed to Condensate sales	$32,082	$46,394
NGL liquids fractionated for others (gallons)	1,477,532	728,125
Average fractionation fee per gallon	$.033	$.032
Gross Plant revenues attributed to Fractionation fees	$48,294	$23,300
Total Plant revenue	$742,746	$397,706

Monument Butte System	One Month Ended March 31, 1992
Total residue sold (Mcf)	51,201
Average sales price	$1.528
Gross revenues attributed to natural gas sales	$78,221
Condensate recovered and sold	205
Average Price per barrel	$18.06
Gross Plant revenues attributed to Condensate sales	$3,702
Other	$2,642
Total Monument Butte revenue	$84,565

	Three Months Ended March 31,	
	1992	1991
Grand Total	$827,311	$397,706

Hat Creek General Partnership

For the quarter ended March 31, 1992, the two wells owned by the Hat Creek Partnership produced and sold 3,704 barrels of oil at an average price of $17.381 per barrel, resulting in gross Hat Creek revenues attributed to oil sales of $64,379. Gas produced and sold from the wells totaled 17,465 Mcf which was sold at an average sales price of $1.476, resulting in gross Hat Creek revenues attributed to residue sales of $25,774 . Total Partnership revenues totaled $90,153. Partnership operating expenses were $45,210, which resulted in a total Partnership net income of $44,943 and the Company's distributive share being $9,939.

Liquidity and Capital Resources

Current assets decreased to $740,490 as of March 31, 1992 from $1,208,719 as of December 31, 1991. The $468,229 decrease was attributed to a decrease in restricted cash by $300,000 due to the purchase of the Normandy Wells, a decrease in related accounts receivable by $27,303, a decrease in accounts receivable by $25,320 and a decrease in cash by approximately $115,606 being applied to accounts payable and accrued liabilities.

Non-current assets increased to $2,832,993 as of March 31, 1992 from $1,576,400 as of December 31, 1991. The $1,256,293 increase in non-current assets was attributed to $915,827 increase in net property, plant and equipment from the Company merger with Interline Natural Gas, the purchase of the Normandy Oil wells for $300,000 and the purchase of plant equipment for $40,466.

Current liabilities decreased to $847,558 as of March 31, 1992 from $854,747 as of December 31, 1991. The $7,189 decrease in current liabilities was attributed to $84,565 increase

from the Company merger with Interline Natural Gas, an increase in notes payable by $25,000 and a decrease in accounts payable and accrued liabilities resulted in a decrease by $116,754.

Non-current liabilities increased to $1,529,179 as of March 31, 1992 from $787,902 as of December 31, 1991. The $741,277 increase in non-current liabilities was attributed to $777,586 from the Company merger with Interline Natural Gas, an increase in debt obligations by $22,208, payments on long-term debt for $53,517 and a reduction in deferred income taxes by $5,000.

Total stockholder's equity increased to $1,196,746 as of March 31, 1992 from $1,142,470 as of December 31, 1991. The $54,276 increase in equity was attributed to $65,134 increase from the Company merger with Interline Natural Gas, and a decrease of $10,858 from current year loss.

Consolidated Revenues and Direct Cost

The net revenues for the three month quarter's ending March 31, 1992, were $827,311 compared with $397,706 for the three month quarter's ending March 31, 1991. Direct costs for the same periods were $670,641 and $338,751. The percentage increase in revenues and direct costs on a quarterly basis was primarily the results of a newly executed liquids purchase contract at the Plant and the merger with Interline Natural Gas.

The Company had a net loss of $10,858 for the three month quarter's ending March 31, 1992, as compared to a net loss of $24,420 for the three month quarter's ending March 31, 1991. The net loss was primarily the results of lower prices in the market place, generally seen in the first quarter of the year.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings: To the best knowledge of the officers and directors, neither the Company nor any of its officers and directors are aware of any new legal proceedings or litigation arising during the quarter ending March 31, 1992.

Item 2. Changes in the Rights of the Company's Security Holders: None.

Item 3. Defaults by the Company on its Senior Securities: None.

Item 4. Submission of Matters to a Vote of Security Holders: None.

Item 5. Other Information: None.

Item 6 (a) Exhibits: None.

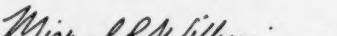
Item 6 (b) Reports on Form 8-K: None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated May 15, 1992

INTERLINE RESOURCES CORPORATION

By 
Michael R. Williams
President

INTERLINE RESOURCES CORPORATION
&
SUBSIDIARY

FINANCIAL STATEMENTS
(unaudited)

March 31, 1991

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

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	Condensed consolidated statement of cash flow - three months ended March 31, 1992 and 1991 (unaudited)	F-3
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INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Consolidated Balance Sheet

Assets	March 31 1992 (unaudited)	December 31 1991
Current Assets:		
Cash and cash equivalents	171,223	294,523
Restricted cash	245,409	541,750
Accounts receivable - trade	306,504	331,824
Accounts receivable - related		27,303
Prepaid expenses	17,354	13,319
Total current assets	740,490	1,208,719
Property, plant and equipment	3,024,528	1,586,217
Accumulated depreciation	(281,467)	(99,451)
Net property, plant & equipment	2,743,061	1,486,766
Investment in general partnership	89,932	89,634
Other assets	-	-
Total assets	3,573,483	2,785,119
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	515,231	607,034
Accrued liabilities	75,274	15,660
Income taxes payable	8,000	8,000
Note payable	25,000	
Current portion of long-term debt	224,053	224,053
Total current liabilities	847,558	854,747
Long-term debt less current maturities	1,495,755	749,478
Deferred income taxes	31,000	36,000
Minority interest	2,424	2,424
Total liabilities	2,376,737	1,642,649
Stockholders' equity:		
Preferred stock - $.01 par value. 25,000,000 shares authorized; 500,000 issued and outstanding at March 31, 1992	5,000	5,000
Common stock - $.005 par value. 100,000,000 shares authorized; 7,804,571 shares and 5,526,283 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively	39,023	27,651
Additional paid-in capital	975,944	975,944
Retained earnings	176,779	133,875
Total stockholders' equity	1,196,746	1,142,470
Total liabilities & stockholders' equity	3,573,483	2,785,119

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Condensed Consolidated Statement of Operations
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenue	827,311	397,706
Direct costs	670,641	338,751
Gross margin	156,670	58,955
Selling, general and administrative expenses	131,435	79,188
Depreciation	28,443	13,054
Loss from operations	(3,208)	(33,287)
Other income (expense)		
Interest expense	(26,980)	(18,274)
Interest income	4,390	688
General partnership	9,940	10,643
Total other	(12,650)	(6,943)
Income before income tax benefit and minority interest	(15,858)	(40,230)
Income tax benefit		
Current	-	-
Deferred	(5,000)	(8,000)
Total tax benefit	(5,000)	(8,000)
Loss before minority interest	(10,858)	(32,230)
Minority interest in loss	0	7,810
Net loss	(10,858)	(24,420)
Loss per share	0.00	-0.01
Weighted average shares o/s	5,729,432	3,211,749

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Consolidated Statement of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Cash flows form operating activities:		
Net income (loss)	(10,858)	(24,420)
Adjustment to reconcile net income to cash provided by operating activities;		
Depreciation	28,443	13,054
(Increase) Decrease in restricted cash	(3,658)	-
(Increase) Decrease in accounts receivable	132,931	(97,532)
(Increase) Decrease in interest receivable	-	3,125
(Increase) Decrease in note receivable	-	(100,000)
(Increase) Decrease in prepaid expenses	(4,035)	(2,784)
(Decrease) Increase in accounts payable	(193,923)	(2,361)
(Decrease) Increase in accrued liabilities	2,093	3,596
(Decrease) Increase in deferred income taxes	(5,000)	(8,000)
(Decrease) Increase in note payable	25,000	125,000
Net cash provided by (used in) operating activities	(29,007)	(90,322)
Cash flows from investing activities:		
(Increase) Decrease in notes rec. - shareholder	-	10,000
(Increase) Decrease in general partnership	(298)	(7,202)
Cash from issuance of stock and note	6,225	
Purchase of property, plant & equipment	(68,911)	-
Net cash (used in) investing	(62,984)	2,798
Cash flows from financing activities:		
Proceeds from long-term debt	22,208	-
Proceeds from issuance of preferred	-	500,000
Proceeds from issuance of common	-	10,000
Payments on long-term debt	(53,517)	39,706
Decrease in minority interest	-	(385,985)
Net cash provided from financing	(31,309)	163,721
Net increase (decrease) in cash	(123,300)	76,197
Cash, beginning of period	294,523	75,632
Cash, end of period	171,223	151,829

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Consolidated Statement of Cash Flows
(Unaudited)

Suppplemental Schedule of Non-Cash Investing and Financing Activities

The Company acquired Interline Natural Gas, Inc. in a merger transaction accounted for as a purchase.

Assets:	
Cash and cash equivalents	6,225
Accounts receivable	80,308
Property, plant and equipment	783,795
Accumulated depreciation	(167,967)
Total assets	702,361
Liabilities:	
Accounts payable	152,120
Accrued expenses	7,521
Long term debt	477,586
Total liabilities	637,227
Stock issued for equity and note	65,134

The company aquired a working interest in 12 oil and gas wells from Normandy Oil and Gas Company for $300,000. The purchase price was funded from the proceeds of a $500,000 SBA loan the company obtained December 1991 in connection with this acquisition. The loan was classified on the company's December 31, 1991 audited report under restricted cash.

INTERLINE RESOURCES COPORATION
AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - Basis of Presentation

The financial information included herein is unaudited; such information reflects all adjustments (consisting soley of normal recurring adjustments) which are, in my opinion, necessary for the fair statement of results for the interim periods.

The results of operations for the three month quarter ended March 31, 1992 and 1991 are not necessarily indicated of the results to be expected for the full year.

Note 2. - Acquisition of 12 Oil and Gas Wells

On March 6, 1992 the corporation acquired a working interest in 12 oil and gas wells from Normandy Oil and Gas Company a unrelated party. The wells are located in Roosevelt, Utah near the company's Monument Butte gathering system. The purchase price of $300,000 was funded from the proceeds of a $550,000 SBA loan the company obtained December 1991 in connection with this acquisition. The loan was classified on the company's December 31, 1991 audited report under restricted cash.

Note 3. - Acquisition of Interline Natural Gas

On February 29, 1992 the Company acquired Interline Natural Gas, Inc. ("ING") in a transaction accounted for as a purchase. In connection with the merger transaction, ING merged into Northcut Energy, Inc., the wholly-owned subsidiary of the Company, in exchange for 2,258,333 shares of the company's common stock, promissory notes in the amount of $300,000 payable to the shareholders of ING and a 19.60% interest in the Hat Creek Partnership. The statement of operations reflects that of Interline Resources for three months ended March 31, 1992 and 1991 and that of ING for February 29, 1992 (date of aquisition) to March 31, 1992.

ING owned a 1% general partnership interest in the Well Draw Gas Plant partnership and was the operating entity of the Well Draw Plant. ING also owned a low pressure natural gas gathering, compression and dhydration system located near Roosevelt, Utah. ING also owned a 20.4% interest in the Hat Creek Partnership and was general partner.

INTERLINE RESOURCES COPORATION
AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

Note 4. - Income (Loss) Per Share

Income (loss) per common share is based on the weighted average number of shares outstanding during the period.

Note 5. - Pro Forma Adjustments

The following pro forma consolidated statement of operations for three month quarters ending March 31, 1992 and 1991 are made to present the operations as if the acquisition (merger) of Interline Natural Gas, Inc. would of been effective at the beginning of the three month quarters ending March 31, 1992 and 1991.

The following pro forma adjustments are made to historical operations in order to present the operations as if the shareholders of Interline Natural Gas (an S corporation) had received a salary and Interline Natural Gas had been subjected to corporation income taxes as follows:

- The salary adjustment is based upon the distribution to each shareholder for each year.

- Income tax expense adjustment represents the income tax expense the Company would have incurred had the operations of Interline Natural Gas, an S corporation, been included and taxes as a corporation and the pro forma salary in the above had been incurred.

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Consolidated Statement of Operations
(Pro Forma - Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenue	946,348	587,859
Direct costs	692,396	392,382
Gross margin	253,952	195,477
Selling, general and administrative expenses	199,439	129,176
Depreciation	41,067	35,999
Income from operations	13,446	30,302
Other income (expense)		
Interest expense	(36,150)	(41,437)
Interest income	4,408	688
General partnership	9,940	10,643
Total other	(21,802)	(30,106)
Income (loss) before minority interest	(8,356)	196
Minority interest in net income	0	7,810
Net Income (loss)	(8,356)	8,006
Pro forma adjustments		
Salaries	22,291	42,394
Pro forma loss before income tax benefit	(30,647)	(34,388)
Income tax benefit	(7,500)	(8,200)
Pro forma net loss	(23,147)	(26,188)
Loss per share - pro forma	0.00	-0.01

The accompanying notes are an integral part of these consolidated condensed financial statements.